

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

Meeting Date: October 25, 2011

Request Approval to Proceed with the Request for Proposals for Legal Services

Prepared by: Dona Yee

Summary. Staff requests Authority approval to proceed with a Request for Proposals (RFP) for legal services. To the extent that services are unavailable through the Attorney General's Office, firms retained under contract provide a variety of legal services including:

- serving as Authority's counsel on bond financings
- assisting with post-issuance tax compliance
- assisting in responding to Internal Revenue Service audits
- assisting and advising in developing financing programs
- providing guidance on other types of issues that require specialized knowledge of federal tax law in connection with bond transactions.

Current contracts with legal counsel firms will expire on February 28, 2012. To maintain continuity of legal services, staff is requesting approval to begin the RFP process now in order to have new legal counsel contracts in place prior to current contract expiration dates. Staff will present its recommendation of selected legal firms early next year.

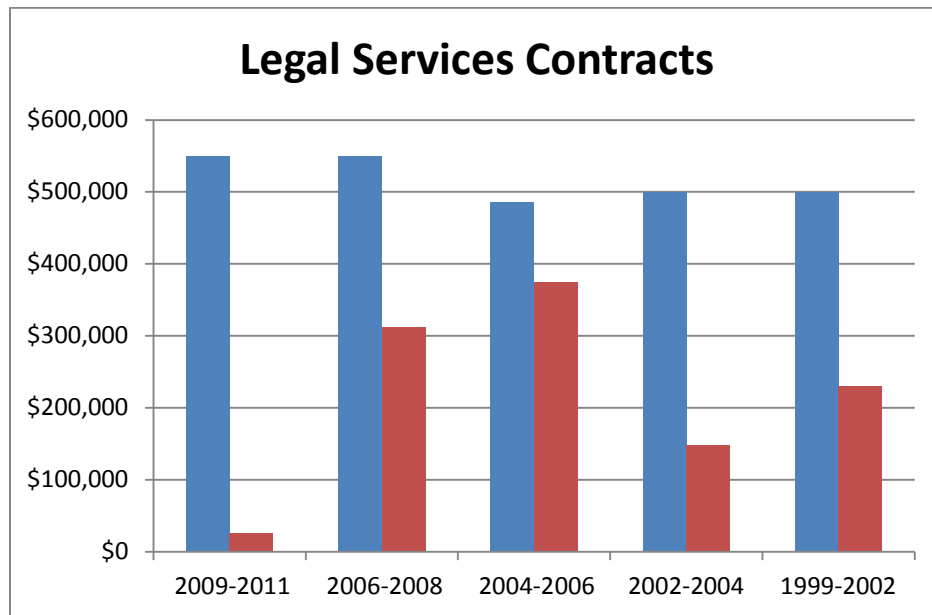
Number of Firms. To ensure availability of assistance, and to ensure there is no conflict of interest, staff proposes seeking contracts with up to five law firms. Any of these firms may serve as issuer's counsel or provide other legal services as needed. Other legal services may be required where there may be a particular expertise the Authority is seeking or where there may be an excessive amount of work such that more than one counsel is required on a transaction.

Proposed Amount. \$550,000. The \$550,000 is to be divided among up to five contracted firms with a two year term for each contract and allowance for a one-year extension.

This proposed amount is based on anticipated legal services requirements and historical data regarding prior contract terms. Historically, outside legal counsel services have been required and utilized more often than during the most recent contracting term.

Over the past couple of years, the number of bond issuances has been down due to the economy. Therefore, the Attorney General's Office (AGO) has been available to handle the CPCFA workload. In the event the AGO is not available, CPCFA will need to utilize outside legal counsel as Issuer's Counsel on bond deals.

Additionally, increased legal services are anticipated due to audit requirements and increasing IRS scrutiny of tax-exempt bonds.



FY	Total Approved	Total Used
2009-2011	\$550,000	\$25,160
2006-2008	\$550,000	\$311,894
2004-2006	\$485,000	\$374,636
2002-2004	\$500,000	\$147,598
1999-2002	\$500,000	\$229,154

Background on Existing Contracts.

Contract Term: March 1, 2009 through February 28, 2012

Total Contract Amount: \$550,000.

Awardees: Law Offices of Alexis S. M. Chiu (\$100,000)
 Law Offices of Leslie M. Lava (\$100,000)
 Quateman LLP (\$100,000)
 Stradling Yocca Carlson and Rauth (\$100,000)
 Orrick, Herrington & Sutcliffe (\$150,000)

Total Amount Expended To Date: \$25,159.67 as of September 2011
 (\$524,840.33 Total Contract amount remaining)

Staff Recommendation. Staff recommends that the Authority approve proceeding with a Request for Proposals for legal services as described in this summary.

**RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING
AUTHORITY APPROVING STAFF PROCEEDING WITH A REQUEST FOR
PROPOSALS FOR LEGAL SERVICES**

October 25, 2011

WHEREAS, pursuant to Health & Safety Code section 44521, the California Pollution Control Financing Authority (the “Authority”) may, with the approval of the Attorney General, employ such outside legal counsel as in its judgment is necessary or advisable to enable it to carry out its duties and functions.

WHEREAS, on October 17, 2011, the Authority received written approval from the Attorney General to contract for outside legal services for two years with an option to extend for one additional year.

NOW, THEREFORE BE IT RESOLVED by the Authority as follows:

Section 1. The Authority hereby authorizes staff to proceed with a Request for Proposals for legal services consistent with the Attorney General’s approval.

Section 2. This resolution shall take effect immediately upon its approval.

Attachment A

KAMALA D. HARRIS
Attorney General

State of California
DEPARTMENT OF JUSTICE



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October 17, 2011

Jade Turner-Bond
Staff Counsel
Office of the Treasurer
P. O. Box 942809
Sacramento, CA 94209-0001

RE: OC-11-CPCFA-071: Consent to Employ Counsel Other Than the Attorney General

Dear Ms. Turner-Bond:

This responds to your letter dated October 11, 2011 requesting consent from the Office of the Attorney General for the California Pollution Control Financing Authority ("CPCFA") to continue to contract with outside counsel for bond transactions. This office has previously authorized the CPCFA to use outside counsel for similar services, subject to approval by this office on a case-by-case basis. The current contracts that CPCFA entered into pursuant to this office's August 20, 2008 authorization have an expiration date of February 28, 2012.

Your request states that CPCFA anticipates substantial bond issuance volume in 2011-12, and that in order to maintain continuity of legal services as well as meet the requirements of your clients; this office's authorization is once again requested to allow CPCFA to contract with outside legal services for bond transactions. You further state that any new issuer's counsel contract that are issued pursuant to the current request will be for two years terms, beginning on March 1, 2012, with an option to extend them for a third year.

While this office has been able to honor all of your requests for issuer's counsel in the past few years, as a result of the extraordinary demands on the Public Finance Team during the current budget situation, it appears that for the foreseeable future there may be times when the Public Finance Team within the Attorney General's Office will be unable to meet the demand for legal services. Under these circumstances, pursuant to Government Code section 11040, we agree to extend our authorization for CPCFA to enter into outside counsel contracts for the new contract terms--provided that such counsel is retained on a "stand-by" basis. As with our previous authorizations, this means that the outside counsel may provide the CPCFA with legal services only for specific transactions and only when this office is informed of, and provides written authorization for, a specific transaction.

Jade Turner-Bond
October 17, 2011
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We assume that your office or the CPCFA will obtain any other State approvals or clearances that may be necessary. By providing this consent, we do not undertake to endorse your choice of counsel nor do we agree to monitor their work or bills.

Sincerely,



DAVID S. CHANEY
Chief Assistant Attorney General

For KAMALA D. HARRIS
Attorney General

cc: Mark Paxson, General Counsel, STO
Michael Paparian, Executive Director, CPCFA
Douglas Woods, Senior Assistant Attorney General, Government Law Section
Connie LeLouis, Supervising Deputy Attorney General, Government Law Section